

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1936-2005
 Chizal S. Fontenot, CPA
 1955-2012

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Commissioners
 Greater Krotz Springs Port Commission
 Krotz Springs, Louisiana

We have reviewed the accompanying financial statements of the business-type activities of the Greater Krotz Springs Port Commission as of and for the years ended June 30, 2013 and 2012, which collectively comprise the Greater Krotz Springs Port Commission's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management of the Greater Krotz Springs Port Commission. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Greater Krotz Springs Port Commission is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated September 11, 2013, on the results of our agreed-upon procedures.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

John S. Dowling & Company
 Opelousas, Louisiana
 September 11, 2013

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF NET POSITION
JUNE 30, 2013 and 2012

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2013	2012
<u>ASSETS</u>		
Cash	\$ 35,858	\$ 81,370
Investments	3,391,976	3,291,680
Leases receivable	43,410	23,328
Interest receivable	1,928	1,697
Prepaid insurance	10,514	11,578
Other receivable	195,000	872
Capital assets (net)	3,273,352	3,507,463
<u>Total assets</u>	<u>6,952,038</u>	<u>6,917,988</u>
<u>LIABILITIES</u>		
Accounts payable	35,838	1,599
Accrued payroll and benefits	3,460	11,780
Deferred income	35,782	24,786
<u>Total liabilities</u>	<u>75,080</u>	<u>38,165</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	3,273,352	3,507,463
Unrestricted	3,603,606	3,372,360
<u>Total net position</u>	<u>6,876,958</u>	<u>6,879,823</u>

See accompanying notes and independent accountant's review report.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2013 and 2012

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2013	2012
<u>OPERATING REVENUES</u>		
Leases	\$ 299,568	\$ 351,703
Tonnage and docking fees	18,318	22,324
Miscellaneous income	7,552	-
<u>Total operating revenues</u>	<u>325,438</u>	<u>374,027</u>
<u>OPERATING EXPENSES</u>		
Commissioners per diem	21,000	19,350
Salaries and benefits	112,752	106,908
Taxes	3,043	2,312
Travel	2,727	3,135
Meetings and conventions	37,859	39,601
Dues	2,822	4,295
Advertising and promotion	1,236	594
Professional fees	20,676	15,824
Insurance	30,866	29,070
Telephone and utilities	6,620	6,013
Repairs and maintenance	2,871	16,234
Office expense	5,806	8,862
Depreciation	100,586	100,739
<u>Total operating expenses</u>	<u>348,864</u>	<u>352,937</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(23,426)</u>	<u>21,090</u>
<u>NON-OPERATING REVENUES</u>		
Interest income	20,561	24,961
<u>Total non-operating revenues</u>	<u>20,561</u>	<u>24,961</u>
<u>INCREASE (DECREASE) IN NET POSITION</u>	<u>(2,865)</u>	<u>46,051</u>
<u>NET POSITION, beginning of year</u>	<u>6,879,823</u>	<u>6,833,772</u>
<u>NET POSITION, end of year</u>	<u>6,876,958</u>	<u>6,879,823</u>

See accompanying notes and independent accountant's review report.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 and 2012

	BUSINESS-TYPE ACTIVITIES PROPRIETARY FUND	
	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Received from customers	\$ 316,352	\$ 340,266
Paid to suppliers	(76,180)	(122,746)
Paid to employees	(144,243)	(121,325)
<u>Net cash provided by operating activities</u>	<u>95,929</u>	<u>96,195</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of fixed assets	(61,475)	(18,301)
<u>Net cash used by capital and related financing activities</u>	<u>(61,475)</u>	<u>(18,301)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(100,000)	(100,000)
Interest on investments	20,034	25,603
<u>Net cash used by investing activities</u>	<u>(79,966)</u>	<u>(74,397)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(45,512)</u>	<u>3,497</u>
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>81,370</u>	<u>77,873</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>35,858</u>	<u>81,370</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (23,426)	\$ 21,090
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	100,586	100,739
Changes in assets and liabilities:		
(Increase) decrease in receivables, net	(19,210)	(2,369)
(Increase) decrease in prepaid insurance	1,064	575
Increase (decrease) in accounts and other payables	25,919	8,424
increase (decrease) in deferred income	10,996	(32,264)
<u>Net cash provided by operating activities</u>	<u>95,929</u>	<u>96,195</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greater Krotz Springs Port Commission was created as a political subdivision of the State of Louisiana by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1451-1456. The Port Commission has the power to regulate the commerce and traffic in St. Landry Parish in such a manner as may be best for public interest; and it is empowered to own and have charge of, to administer, construct, operate and maintain wharfs, warehouses, landings, docks, sheds, belt and connection railroads, shipways, canals, channels, slips, basins, locks, elevators and other structures and facilities necessary and proper for the use and development of the business of the area under its control.

The Port Commission is governed by a board of commissioners, consisting of eleven members appointed as follows:

1. Three members by the St. Landry Parish Government
2. Two members by the City of Opelousas
3. Two members by the City of Eunice
4. Two members by the Town of Krotz Springs
5. Two members by the St. Landry Parish Municipal Association

The Port's office is located in Krotz Springs, Louisiana, and employs two administrative personnel. The Port's operations are funded entirely through annual self-generated revenues.

The accompanying financial statements of the Greater Krotz Springs Port Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies and practices of the Greater Krotz Springs Port Commission:

A. FINANCIAL REPORTING ENTITY

The Port is reported as a stand-alone entity as defined by GASB Statement No. 14, "The Financial Reporting Entity." The Port is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the Port.

B. BASIS OF PRESENTATION

The Division of Administration of the State of Louisiana has determined that the Greater Krotz Springs Port Commission is a primary government and not a component unit or agency of the State of Louisiana for financial reporting purposes.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. The proprietary fund of the Port utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port's enterprise fund are charged to tenants for the use of the facilities. Operating expenses for enterprise funds include the cost of maintaining the facilities, administrative expenses, and depreciation on capital assets. All revenues not meeting the definition are reported as non-operating revenues and expenses.

D. CASH AND INVESTMENTS

The Port defines cash and cash equivalents as follows:

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

For the purpose of the statement of cash flows, "cash and cash equivalents" include all demand, pooled cash account, and certificates of deposit with an original maturity of three months or less.

E. RECEIVABLES

Receivables consist of all revenues earned at year-end and not yet received.

F. INVENTORIES

Inventories for supplies are immaterial and are recorded as expenses when purchased.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS

All fixed assets are valued at historical cost. The Port maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statements of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statements of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30 Years
Wharfs and docks	30 Years
Road and road improvements	30 Years
Mooring dolphin	5 Years
Furniture and equipment	5 Years

H. COMPENSATED ABSENCES

Employees can accumulate up to 400 hours of sick leave; however, no payment is made for accrued and unused sick leave upon termination or retirement. Two weeks of annual leave is earned by each employee; however, any unused portion lapses at the end of the fiscal year.

I. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. LEASE REVENUES

The Port's revenues include the leasing of land and improvements under cancelable operating leases. The leases are accounted for using the operating method whereby the amount of revenue recognized in each accounting period is equivalent to the amount of rent receivable according to the provisions of the lease. Deferred revenue includes the estimated fair value of improvements to the Port's facilities paid for by lessees. The revenue is being recognized over the terms of the operating leases.

K. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Greater Krotz Springs Port Commission does not provide any post-employment benefits to retirees other than pension and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

NOTE (2) - CASH AND INVESTMENTS

Louisiana statutes authorize the Port to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

The carrying amount of the Port's cash and investments at June 30, 2013 and 2012, respectively, was \$3,427,834 and \$3,373,050. The bank balance of cash was \$48,406 and \$83,434 and of investments was \$3,391,976 and \$3,291,680 at June 30, 2013 and 2012, respectively. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2013 and 2012, respectively, were \$3,100,000 and \$3,000,000. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2013 and 2012, respectively, was \$291,976 and \$291,680.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (2) - CASH AND INVESTMENTS (Continued)

At June 30, 2013 and 2012, respectively, \$848,406 and \$883,434 of the bank balance was covered by FDIC insurance and \$2,300,000 and \$2,200,000 was covered by pledged securities held by the custodial bank(s) in the name of the bank(s).

NOTE (3) - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balances 7/1/2012	Increases	Decreases	Balances 6/30/2013
Business-type Activities				
Land	\$ 856,100	\$ -	\$ -	\$ 856,100
Boat launch	-	1,020,215	-	1,020,215
Buildings	872,010	-	-	872,010
Wharfs and docks	2,104,258	-	-	2,104,258
Road and road improvements	689,657	-	-	689,657
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	31,697	-	-	31,697
Construction in progress - Boat launch	1,153,740	-	1,153,740	-
<u>Total at historical cost</u>	<u>5,750,581</u>	<u>1,020,215</u>	<u>1,153,740</u>	<u>5,617,056</u>
Less accumulated depreciation				
Buildings	401,975	29,066	-	431,041
Wharfs and docks	1,344,755	47,749	-	1,392,504
Roads and road improvements	423,323	22,989	-	446,312
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	29,946	782	-	30,728
<u>Total accumulated depreciation</u>	<u>2,243,118</u>	<u>100,586</u>	<u>-</u>	<u>2,343,704</u>
Business-type activities capital assets, net	<u>3,507,463</u>	<u>919,629</u>	<u>1,153,740</u>	<u>3,273,352</u>

Depreciation expense for the year ended June 30, 2013 was \$100,586.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (3) - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balances</u> <u>7/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>6/30/2012</u>
Business-type Activities				
Land	\$ 856,100	\$ -	\$ -	\$ 856,100
Buildings	872,010	-	-	872,010
Wharfs and docks	2,104,258	-	-	2,104,258
Road and road improvements	689,657	-	-	689,657
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	32,647	1,836	2,786	31,697
Construction in progress - Boat launch	1,137,275	16,465	-	1,153,740
<u>Total at historical cost</u>	<u>5,735,066</u>	<u>18,301</u>	<u>2,786</u>	<u>5,750,581</u>
Less accumulated depreciation				
Buildings	372,909	29,066	-	401,975
Wharfs and docks	1,297,006	47,749	-	1,344,755
Roads and road improvements	400,334	22,989	-	423,323
Mooring dolphin	43,119	-	-	43,119
Furniture and equipment	31,797	935	2,786	29,946
<u>Total accumulated depreciation</u>	<u>2,145,165</u>	<u>100,739</u>	<u>2,786</u>	<u>2,243,118</u>
Business-type activities capital assets, net	<u>3,589,901</u>	<u>(82,438)</u>	<u>-</u>	<u>3,507,463</u>

Depreciation expense for the year ended June 30, 2012 was \$100,739.

NOTE (4) - PENSION PLAN

All full-time employees of the Port are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. A participant's basic annual retirement benefit is equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. The maximum annual retirement benefit may not exceed the lesser of 100% of a member's average compensation or certain specified dollar amounts of actuarially determined monetary limits depending upon the member's age at retirement. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death. The System also provides death and disability benefits. Benefits are established by state statute.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (4) - PENSION PLAN (Continued)

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

Description of Funding Policy -

Covered employees are required by State statute to contribute 8% of their gross salary if hired on or after 1/1/11 and 7.5% of their gross salary if hired before 7/1/06 to the System and the Port contributes an additional percentage of 29.1%. Contributions to the System during fiscal year ended June 30, 2013, 2012, and 2011 were funded through employee and employer contributions. Employer contributions were \$14,731, \$8,789, and \$0, respectively for years ended June 30, 2013, 2012, and 2011. The total payroll of the Port, fully covered by the System, was \$98,020, \$98,118, and \$86,585, for the same periods. Under present statutes, the Port does not guarantee any of the benefits granted by the System. The executive director was in the drop program from April 2010 through March 31, 2013.

NOTE (5) - LEASE REVENUES

The Port negotiates lease-rental and user contracts with companies for the use of the Port's wharfs, docks, land and warehouses. Fees are composed of minimum lease payments and, in certain contracts, additional rates based upon the volume of commodities moved across the docks leased. The total lease and tonnage revenue earned in the fiscal years ended June 30, 2013 and 2012, respectively was \$317,886 and \$374,027.

A summary of current leases follows:

Cabot Corporation

On April 5, 1993 (amended on September 13, 1993), the Port entered into a lease with Cabot Corporation for the use of 5.58 acres of land, more or less which includes a basic rent and one cent per barrel for all material, either incoming or outgoing, moved across the dock. The Port also granted several easements, servitudes, right-of-ways, rights of passage, etc. for Cabot Corporation to conduct its business. The term of the lease is for 5 years from April 5, 1993, with Cabot Corporation having the option to extend the same for 4 additional 5 year terms unless giving notice in writing to the Port 60 days in advance of the end of a particular 5-year term to renew. (The lease is in its third renewal period which extends the lease until April 5, 2013.)

Cabot Corporation guarantees a 30,000 barrel minimum per month throughput. Said one cent per barrel charge to accrue on October 1, 1993 and shall be due on a calendar month basis thereafter. Cabot Corporation shall furnish to the Port a monthly throughput report no later than 30 days following the end of the month covered by each report. The additional rent shall be adjusted at the beginning of each option year to reflect the increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

For the fiscal years ended June 30, 2013 and 2012, respectively, Cabot Corporation paid \$27,032 and \$30,694.

GREATER KROTZ SPRINGS PORT COMMISSION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (5) - LEASE REVENUES (Continued)

Alon Refining Krotz Springs, Inc.

On May 13, 1993, the Port entered into a lease with Phibro Energy USA, Inc. for the use of certain tracts or parcels of land and/or rights of way designated as Tract 2-A containing 10.16 acres, Tract 3 containing 5.29 acres, Tract 4 containing 1.46 acres, Tract 5 containing 2.95 acres. In addition Phibro shall have a pipeline and road right-of-way for the existing Phibro pipelines and the existing roads, etc.

The surface lease agreement shall be for a period of 10 years commencing on January 1, 1993 and ending on December 31, 2002, subject to Phibro's option to extend or renew this lease for one *additional 5 year period commencing on January 1, 2003 and terminating on December 31, 2007, on the same terms and conditions as contained herein.*

Phibro agrees to pay a monthly rental of \$15,285, due and payable on or before the 15th day of each month beginning March 15, 1993 and like installment due and payable on or before the 15th day of each month thereafter. The rental shall be adjusted by 25% of the CPI adjustment on January 1st of each year of the primary lease and any extension thereof.

In May 1997, Basis Petroleum, Inc. (formerly known as Phibro Energy USA, Inc.) sold all of its capital stock to Valero Refining and Marketing Company, a wholly owned subsidiary of Valero Energy Corporation.

On February 5, 2007, the lease with Valero Refining was extended to December 31, 2017, with one option to extend the lease for one five-year period. In addition, lease payments will adjust on January 1st of each year in accordance with the original lease.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

The present monthly rental is \$20,064 and for the fiscal years ended June 30, 2013 and 2012, Alon paid a total of \$238,998 and \$233,331, respectively.

Alon Refining Krotz Springs, Inc.

On January 1, 2006, the Port entered into a lease with Valero Refining Company - Louisiana for the use of a 16,000 sq. ft. warehouse and 11.58 acres situated in Section 15, T-6-S, R-7-E, St. Landry Parish. The term of the lease is 10 years, commencing January 1, 2006 with the option to extend the lease on the same terms for 2 additional ten year terms. Valero is to pay \$17,370 per year land rental and \$24,000 per year warehouse rental. The rental is to be adjusted annually to reflect the changes in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers (CPI-U), South Region.

On June 2, 2008, the Port agreed to assign the lease to Alon Refining Krotz Springs, Inc. after its acquisition of the facilities from Valero Refining.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
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JUNE 30, 2013 and 2012

NOTE (5) - LEASE REVENUES (Continued)

For the fiscal years ended June 30, 2013 and 2012, respectively, Alon paid a total of \$49,531 and \$49,168 for this lease

RiverBank Hunting Club

The Port entered into a lease with RiverBank Hunting Club on November 10, 2009. The term of the lease is 3 ½ years, commencing on November 10, 2009. RiverBank Hunting Club is to pay \$1,162.50 to cover the period from the signing date of the lease until June 30, 2010 and \$2,325 will be paid annually thereafter. This lease ended on June 30, 2013.

On May 10, 2013, the Port entered into a lease for Riverbank Hunting Club for a term of three years, commencing on July 1, 2013 and ending on June 30, 2016. The annual lease will be for \$2,601.00 per year.

NOTE (6) - RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The Port carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2013 from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE (7) - LITIGATION AND CLAIMS

The Greater Krotz Springs Port Commission filed a suit against The BellTech Group, contractor, and Aucoin & Associates, engineer, in connection with a boat ramp built on property owned by the Port. Public bids were taken and a contract in the amount of \$995,000 was awarded to BellTech. In January 2011, while the ramp was still under construction, a serious failure of the ramp became evident when a large gap and cracks were observed. An investigation was conducted by the engineer without a definitive cause for the failure.

Despite the failure of the work, the contractor submitted a request for the payment of the remaining balance under the contract, which the engineer approved. However, the engineer refused to declare substantial completion or recommend acceptance of the project because it was unusable due to the concrete breaking off and sliding into the river. Faced with the dilemma of having a certified pay application, but inability to use the boat ramp, the Port filed the lawsuit and deposited into the registry of the court the contract balance of \$300,968.95. The petition filed by the Port asked that the funds deposited be held pending the court's determination as to the cause of the failure and also that the court assess damages against the responsible party. In response, BellTech filed a Motion to Withdraw the Funds which has been opposed by the Port, and which has not been heard by the court. There was a trial date on August 19 and 20, 2013, which resulted in a judgment that was appealed.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE (7) - LITIGATION AND CLAIMS (Continued)

A partial settlement agreement was reached with Aucoin & Associates on June 26, 2013 releasing Aucoin & Associates from the lawsuit.

The contractors (The Belltech Group) have made a claim for additional work in the amount \$690,064.45. Trial on this matter was set for August 19, 2013, which resulted in a judgment that was appealed.

NOTE (8) - FEDERAL FINANCIAL ASSISTANCE

The Board received no federal funds during the fiscal year ended June 30, 2013.

NOTE (9) - COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$75 for each meeting they attend, as authorized by Louisiana Revised Statute 34:1451.

The amounts paid to Board Members during the years ended June 30, 2012 and 2011 are as follows:

<u>Member</u>	<u>2013</u>	<u>2012</u>
Cheryl L. Carter	\$ 1,800	\$ 1,800
Joseph Diesi	750	750
Billy Frilot	225	2,550
Vernon Haynes	1,350	1,050
Arlen LaFleur	-	1,425
Dallas Leger	2,100	300
Malcolm McMillan	2,775	2,250
Monita Reed	1,725	1,275
James Soileau	2,625	2,550
John K. Soileau	2,700	1,350
Michael R. Thibodeaux	2,550	2,325
William Thompson	1,725	1,725
Senic Batiste	675	-
	<u>21,000</u>	<u>19,350</u>

NOTE (10) - BOAT LAUNCH PROJECT

The Port and the Town of Krotz Springs have entered into an agreement to share the excess cost required for completion of the boat launch above the amount of grant money received.

NOTE (11) - SUBSEQUENT EVENTS

Subsequent events were evaluated through September 11, 2013, which is the date the financial statements were available to be issued. As of September 11, 2013, there were no subsequent events noted.

James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



JOHN S. DOWLING & COMPANY
 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA
 1904-1984
 John Newton Stout, CPA
 1936-2005
 Chizal S. Fontenot, CPA
 1955-2012

Retired

Harold Dupre, CPA
 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr., CPA
 2003
 Russell J. Stelly, CPA
 2005

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
 Greater Krotz Springs Port Commission
 Krotz Springs, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Greater Krotz Springs Port Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Greater Krotz Springs Port Commission's compliance with certain laws and regulations during the year ended June 30, 2013 included in the accompanying Louisiana Attestation Questionnaire. Management of Greater Krotz Springs Port Commission is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000 or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for materials and supplies exceeding \$30,000 or public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

To the Board of Directors
 Greater Krotz Springs Port Commission
 Page 2

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Greater Krotz Springs Port Commission's operations are accounted for in a Proprietary Fund which is not required to adopt a budget.

6. Trace the budget adoption and amendments to the minute book.

Greater Krotz Springs Port Commission's operations are accounted for in a Proprietary Fund which is not required to adopt a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

Greater Krotz Springs Port Commission's operations are accounted for in a Proprietary Fund which is not required to adopt a budget.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

The payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated the proper approval according to the Board's current policy. The current policy is that two of the three authorized signatures are required on each check.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:1 through 42:13 (the open meetings law).

Agendas for all meetings were posted. We examined copies of agendas kept with minutes.

To the Board of Directors
Greater Krotz Springs Port Commission
Page 3

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds from bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

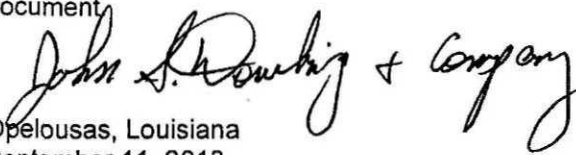
A reading of the minutes of the Port for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

Our prior year report, dated September 10, 2012, did not include any comments or unresolved matters.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Greater Krotz Springs Port Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Opelousas, Louisiana
September 11, 2013

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
JUNE 30, 2013 and 2012

Section I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

No findings.

Section II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings.

Section III – MANAGEMENT LETTER

No findings.

GREATER KROTZ SPRINGS PORT COMMISSION
KROTZ SPRINGS, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2013 and 2012

Section I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

No findings.

Section II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings.

Section III – MANAGEMENT LETTER

No findings.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

8/12/13 (Date Transmitted)

John S. Dowling & Company
P.O. Box 1549
Opelousas, LA 70571-1549

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

<u>John H. Norlean</u>	Secretary	<u>8/12/13</u>	Date
<u>Grant Rude</u>	Treasurer	<u>8/12/13</u>	Date
<u>James E. Soileau</u>	President	<u>8/12/13</u>	Date